



National
Foreign
Assessment
Center

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

Secret

Latin America Review

25 January 1979

SOURCED

Secret

RP LAR 79-004
25 January 1979
Copy

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

25X1

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

SECRET

LATIN AMERICA REVIEW

25 January 1979

CONTENTS

Nicaragua: In the Wake of Mediation

1

With the Sandinista guerrillas on the defensive and Somoza's political opposition disorganized, the Nicaraguan President is increasingly confident of his ability to maintain his position.

Panama: After Torrijos . . . Torrijos

9

In the three months since General Torrijos relinquished his post as chief of government and "retired" to the political sidelines, there has been a clear continuation of his policies, both domestic and foreign.

FOR THE RECORD

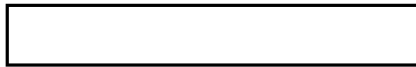
14

19

SECRET

SECRET

25X1



25X1

Nicaragua: In the Wake of Mediation

25X1

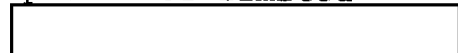
4 The Sandinistas, despite having developed one of the largest and best-armed guerrilla movements in the hemisphere since Castro's followers gained power in Cuba, have been forced into a scaled down posture. Their substantial deficiencies vis-a-vis the Nicaraguan Guard will probably limit them to hit-and-run raids over the short term at least. Their capability for spectacular operations is by no means gone, but their current aim is to whittle away at Somoza's support. With time to train and gain familiarity with their recently acquired weapons, the Sandinistas will pose a more formidable threat.

25X1



4 Also more formidable, however, is their principal target, President Somoza. Even presuming outside support for the Sandinistas approximating the level of the last three months, Somoza's chances to last until his term ends in 1981 have improved to better than even. His Guard has strengthened from 8,000 to perhaps 11,000 men, and their demonstrated military superiority has helped raise Somoza's confidence to the point where he is prepared for limited disassociation from the United States.

25X1



Sandinistas: Reassessing Strategy

4 The Sandinistas are still reassessing their policy, but none of the factions now assume that Somoza can be quickly overthrown. The bravado boasts and threats by their commandantes during and after the September offensive have faded; recent public statements have implied that it will be a long-term struggle. Sandinista cohesion and coordination are also being called into question by the recent appearance of off-shoot organizations. Although guerrilla hit-and-run operations are increasing, the Sandinistas clearly are not targeting the most advantageous--but more difficult--objectives. Only a few storehouses and factories have been attacked; the coffee and cotton harvests that will bring Somoza critically needed foreign exchange are proceeding relatively normally.

25 January 1979

SECRET

Some of the Sandinista operations may be training exercises to build confidence and expertise. But in skirmishes with Guard units in rural areas--even assuming inflated Guard body counts--the Sandinistas are getting badly bloodied despite their significantly improved weapons. Seeing the high cost of this tactic, the guerrillas may increasingly turn to lower risk assassinations of individual Guardsmen. [REDACTED]

25X1

4 Sandinista inaction on the anniversary of opposition martyr Chamorro's death earlier this month was due to the intimidating, pervasive military presence in the capital that day. Successfully maintaining a business-as-usual atmosphere in Managua has been a key to Somoza's retention of control. The generally quiet passing of the anniversary was a significant psychological victory for the government, although not necessarily a lasting defeat for the guerrillas. The anti-Somoza population has no other heroes to cheer and will take heart whenever the Sandinistas make a move. A spectacular Sandinista act--

[REDACTED]
[REDACTED] would at least stem the tide that is presently flowing strongly against them. The odds, however, are against a quick turnaround. [REDACTED]

25X1

25X1

Other Opposition

5 Somoza's opponents are generally in a rebuilding phase. The stalemate in the mediation may halt the disintegration of the umbrella Broad Opposition Front, but this group, never very strong, has been substantially weakened by its lack of success. The emerging National Patriotic Front promises to be a more leftist incarnation, but it also will include many of the same groups that have proved too disunited and dissimilar to negotiate with Somoza and too weak to overthrow him. The opposition has tried strikes and civil insurrection to no avail. Moreover, the anti-Somocistas have now learned definitively the answer to their question about whether the Guard would kill fellow Nicaraguans. That answer may feed festering resentment, but it also provides pause for Somoza's enemies. [REDACTED]

Domestic opposition groups, ranging from the anti-Somoza business community to the Sandinista guerrillas, have all exhibited the same common weaknesses. They have

25 January 1979

SECRET

relied for a solution upon an external actor--be it the United States, Cuba, Panama, or Venezuela--or have waited--so far in vain--for another unplanned but galvanizing spark like the Chamorro assassination. Characteristically, the reconstituted Group of Twelve, an organization of prominent, leftist-influenced professionals that for a while played a leading role in the opposition coalition, is embarking on a hemispheric tour to try to drum up support--a recognition that the domestic opposition is too weak to do it on its own.

25X1

25X1

25 January 1979

SECRET

SECRET

Prospects

4 Sandinista fortunes over the short term are not promising, lacking a spark to rekindle mass support against Somoza. At the moment, guerrilla leaders seem to be hoping rather than planning for such an event.

5 In the meantime, Somoza is fully prepared not only for the guerrillas but also for diplomatic assaults. He is ready, for example, for a US withdrawal of official personnel even though he continues his skillful maneuvers to head off such action. He carefully holds open the prospect of further negotiations, but at this point Somoza assumes he is in a no-win situation with the United States. His offers of reform, if they ever were more than a tactical gambit, are clearly only delaying actions.

With Somoza braced, US withdrawals from Nicaragua are not likely to unsettle him. Part of his confidence stems from the fact that he has convinced his local backers and regional neighbors of his staying power. He

25X1

25 January 1979

SECRET

SECRET

3 has gained financial and psychological support--and probably even pledges of military aid under certain circumstances. For the short term, it would require not only deft diplomacy but heavy international pressure--censure and sanctions--to convince Somoza's supporters that they should reconsider. Even then, substantial renewed violence would probably be necessary to jolt his backers; that more than anything prompted their rethinking last September. As long as Somoza looks like a winner--and he will, as long as he can maintain even an uneasy peace--his party, the Guard, and the neighboring military governments will predicate their moves on the assumption that he will, be in power for two more years.

25X1

25X1

25 January 1979

5
SECRET

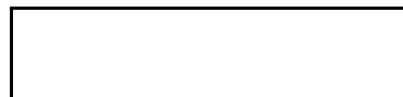
25X1

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

Next 2 Page(s) In Document Exempt

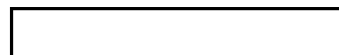
Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

SECRET



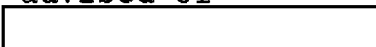
25X1

Panama: After Torrijos . . . Torrijos



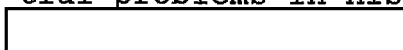
25X1

6 In the three months since General Torrijos relinquished his post as chief of government and "retired" to the political sidelines, there has been a clear continuation of his policies, both domestic and foreign. President Royo, dynamic and ambitious in contrast to his figurehead predecessor, has begun to demonstrate that he is capable of--and perhaps intent on--playing a larger role. There is no question, however, that Torrijos remains the ultimate decisionmaker, even though he has been aloof from domestic politics and has generally remained at his beach retreat. In one area of immediate concern to the United States--Panama's role in Nicaragua--there is no evidence that Royo is even consulted or advised of Torrijos' moves, except after the fact.



25X1

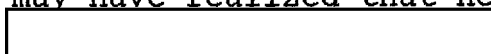
6 Although Torrijos, a loner in many ways, could remain an ostensible political recluse for quite some time, there are signs that he may be growing restive and more inclined to seek the spotlight. The most likely outlet for his energies remains Nicaragua where, despite his enviable track record for avoiding political quagmires, his adventuristic instincts could quickly raise potential problems in his relations with the United States.



25X1

Domestic Policy

1
5 6 In the domestic arena, the government has few short-term concerns. Opposition groups have been reduced to meaningless maneuvering among themselves, implicitly recognizing that they are badly outclassed by the administration. Three-time president and principal opposition leader Arnulfo Arias professes to believe that Torrijos and his cronies will fall of their own weight--partly a self-serving rationale for the failure of his Panamenista Party to pursue aggressively those few opportunities and themes the government presents to it. A more realistic explanation may be that the aging Arias (now 79 and hospitalized) may have realized that he has received his last hurrah.



25X1

25 January 1979

SECRET

SECRET

6 Panama's revised election laws present no opportunity for the opposition until the presidential elections of 1984--too distant a goal for the country's most enduring politician of this century. Spiting Torrijos whenever he can and hoping to spoil the government's plans wherever possible, Arias has already decided not to register his party in order to avoid lending legitimacy to the government's election plans. [REDACTED]

25X1

The Liberals, the second major party, have again decided to settle for half a loaf by registering. That decision was reached, however, only after considerable debate following the party's disappointing failure to extract a commitment for full legislative elections during last year's dialogue with the government. Instead, the administration granted only the meaningless election in 1980 of one-third of the membership of a revised legislative body. [REDACTED]

25X1

6
/ It is by no means clear that the Liberals and other parties will participate in the 1980 elections, given the government's stranglehold on power and the minimal rewards. In fact, the greatest current political activity is being stirred by the new, well-financed government organization, the Democratic Revolutionary Party, and its poor relation, the government-lining Broad Front Party. The fact that a principal political question of the day revolves around whether the government wants two parties or one is sufficient commentary on the dearth of meaningful developments. The opposition has potential, but it will be some time before it is realized. [REDACTED]

25X1

6
/ So far, Royo has made the right moves at the right time with regard to his most pressing concern--reinvigorating the economy--even if he has yet to achieve the desired result. Continuing the "open arms" policy toward the business community initiated last year by Torrijos, he has established a business-dominated advisory economic council. How much of Royo's public wooing of business will prove to be window dressing remains to be seen. Moreover, the new President has not put to rest suspicions about his leftist background. Although the Royo administration has been accepted by businessmen, it has not inspired enough confidence to prompt domestic investors to open their wallets. [REDACTED]

25X1

25 January 1979

SECRET

SECRET

6 Partly as a result, Panama has yet to emerge from four years of recession. The country is likely to continue to muddle along even with the widely anticipated economic boost from the implementation of the Canal treaties. Unemployment and eroding purchasing power are contributing to stagnating production levels and potential labor problems. The trade deficit is widening, reflecting sluggish world demand for Panama's major exports, while the import bill continues to increase. Ambitious public-sector investment projects require continuing foreign loans with little short-term payoffs. [REDACTED]

25X1

6 With an already very high public debt--\$1.8 billion in a country of only 1.8 million people--Panama may again have to seek private foreign loans for debt rollover as it did last year. Despite its worrisome debt burden, Panama has had little or no trouble attracting foreign funds. The US stake in Panama--and in Panamanian Government stability--is almost certainly viewed by creditors as being so high that Washington is, in effect, underwriting the loans. [REDACTED]

25X1

Royo and Torrijos

4 On the political side, Royo has moved carefully, but perhaps with some cautious testing of his political muscle. In December, he successfully maneuvered to oust the head of the Supreme Court. On the heels of rumors that Torrijos was about to resume his widely publicized "domestic patrols," Royo has embarked on provincial tours of his own. Still, whatever his potential, there is no doubt that to date, Royo is a Torrijos loyalist to the core. [REDACTED]

25X1

25X1

25 January 1979

SECRET

SECRET

[REDACTED]

25X1
Torrijos has recently shown some restiveness. He was a virtual recluse for the first three months after Royo's inauguration, but there have been signs that he again yearns for a wider role in keeping with his venturesome spirit and self image as a world statesman. In January, he broke his silence in a public letter to the world leaders at the Guadeloupe summit in support of LDC aspirations. He also offered to provide asylum for Isabel Peron, currently residing under close military supervision in Argentina. Spokesmen for the newly formed government party, in addition to touting Torrijos' inspirational leadership, have already begun pushing him for the presidency in 1984. [REDACTED]

25X1
Torrijos and Foreign Policy

Nicaragua remains the most likely outlet for Torrijos' energies, as it remains the focal point of his foreign policy concerns. [REDACTED]

25X1

25X1

25X1
Last week Torrijos flew to Caracas, where his discussions with Venezuelan President Perez [REDACTED]

6 [REDACTED] After the meetings, Panama announced plans for major joint military maneuvers with Venezuela. The announcement was intended as a clear warning to Nicaraguan President Somoza: if Somoza's troops entered Costa Rica to mop up Sandinista sanctuaries, Torrijos, in conjunction with Perez, would probably authorize military action against Nicaragua. [REDACTED]

25X1

With the internationally sponsored mediation effort in Nicaragua apparently at a dead end, both men will commit resources to an anti-Somoza campaign. Venezuelan President Perez will end his term in March and is increasingly anxious to see Somoza turned out of power. Torrijos is emerging from his self-imposed retreat and is possibly seeking new challenges. [REDACTED]

25X1

25 January 1979

SECRET

6 In other areas of foreign policy, Panama is continuing to push the efforts Torrijos initiated to expand international diplomatic and economic contacts. A visit by a Panamanian delegation to Eastern Europe and the Soviet Union last year yielded draft agreements on commercial and scientific exchanges and an offer from the Communist countries to purchase a reported \$10 million worth of Panamanian bananas. From this grew a recommendation 2 to President Royo that he establish commercial consular offices in Eastern Europe this year. The USSR will send a commercial mission to Panama after the implementation of the Canal treaties in October, and consular, if not diplomatic relations will soon follow.

25X1

25X1

25 January 1979

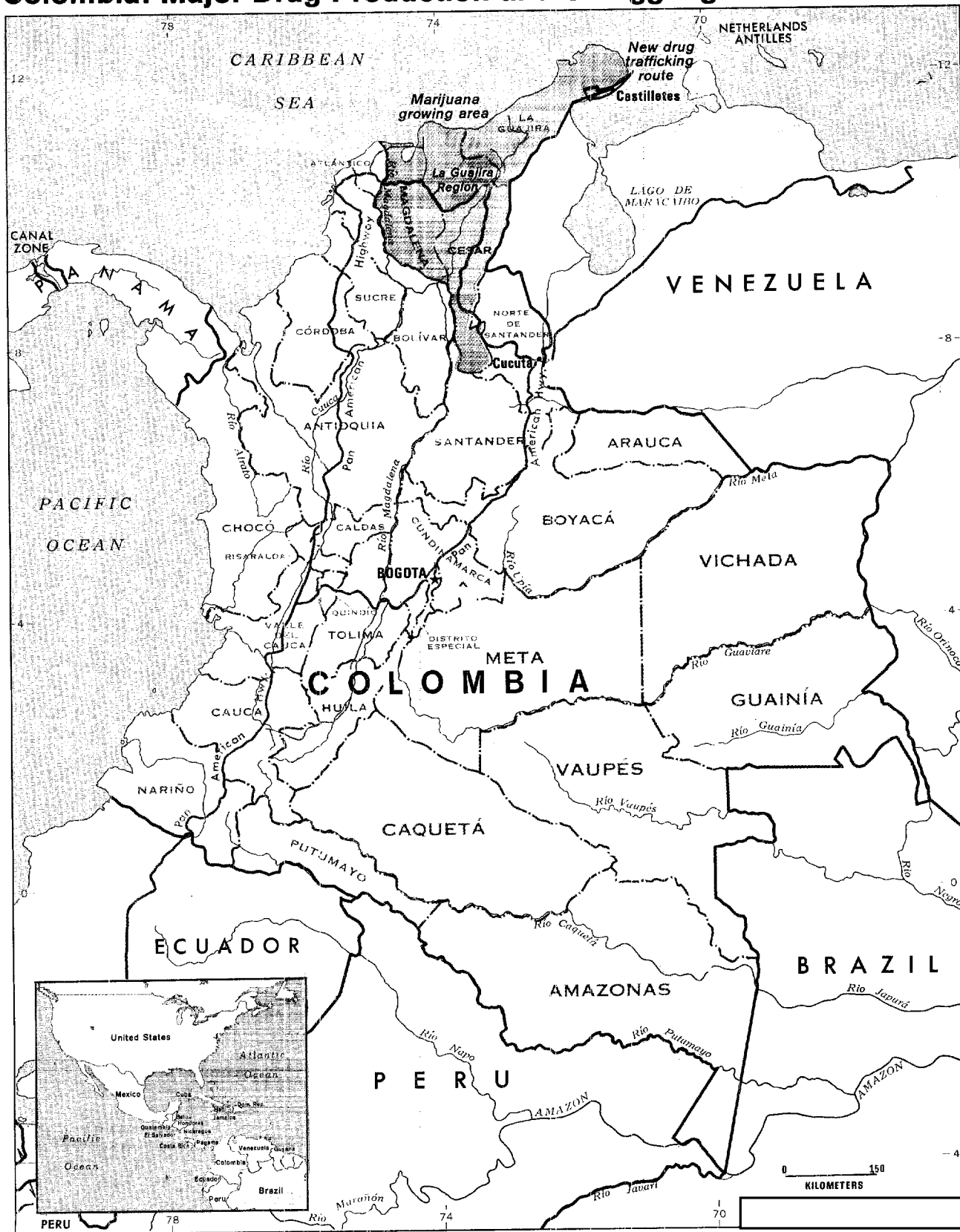
25X1

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

Next 3 Page(s) In Document Exempt

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

Colombia: Major Drug Production and Smuggling Area



25X1

624598 1-79 CIA

25 January 1979

FOR THE RECORD [REDACTED]

25X1

VENEZUELA-COLOMBIA: Drug traffickers have apparently found a convenient and relatively safe route to continue their profitable activities into and out of Colombia. Venezuelan National Guard units stationed on the Guajira Peninsula report that at least 15 to 20 low-flying light aircraft per week are using Venezuelan airspace to reach landing fields in Colombia. The route--entering Venezuela over Castilletes and following the border south for a substantial distance before entering Colombia--bypasses the more direct approaches used in the past but now made hazardous by the Colombian Government's vastly improved interdiction and prevention measures in their part of the Guajira. [REDACTED]

25X1

According to Venezuelan officials, most of the suspected drug flights are made in the predawn hours when positive identification is difficult. Further, the size of the aircraft involved suggests that cocaine, rather than marijuana, is being sent out of the country. Venezuelan officials are greatly concerned over the growing dimensions of the problem, not only for Colombia but also for their own country. Lately, they have increased their efforts to nip in the bud the growing drug network operating in Venezuela. Although results thus far have been spotty, federal police recently announced they had broken up a drug ring--allegedly based in Cucuta, Colombia--and had confiscated 1.5 kilograms of cocaine, valued at \$350,000, which had been smuggled into Venezuela. [REDACTED]

25X1

25X1

25 January 1979

Secret

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0

Secret

Approved For Release 2006/03/17 : CIA-RDP79T00912A001000010017-0